

and emerged as the dominant television station in the Calgary marketplace.

Revenues for CHYM-AM and CKGL-FM Kitchener reached record levels. Our combined increase in Kitchener is 14% ahead of last year. CHYM has received approval for a change of frequency from 1490 to 570. This frequency change will expand the coverage area of CHYM and will enable CHYM to provide a better service to its listeners.

CFCO Chatham continues to enjoy record retail sales.

All stations report increases in advance sales bookings for the balance of 1976.

Sincerely,



Chairman
Donald G. Campbell



President
Edward W. Chapman

CFCN Communications Limited,
Broadcast House
Post Office Box 7060
Postal Station "E"
Calgary, Alberta
T3C 3L9
(403) 249-9101

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Canwest

CFCN
COMMUNICATIONS
LIMITED

Report for the six
months
ended June 30, 1976

CFCN COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENT OF INCOME (not audited)

	Three months ended June 30		Six months ended June 30	
	1976	1975	1976	1975
Revenue:				
Broadcasting — Television.....	\$1,806,000	\$1,395,000	\$3,475,000	\$2,762,000
— Radio	1,252,000	1,036,000	2,199,000	1,854,000
Production and other	265,000	155,000	492,000	340,000
Total Revenue	<u>\$3,323,000</u>	<u>\$2,586,000</u>	<u>\$6,166,000</u>	<u>\$4,956,000</u>
Income before taxes	\$ 928,000	\$ 777,000	\$1,745,000	\$1,434,000
Income taxes.....	416,000	384,000	801,000	708,000
Income before affiliated and effectively controlled companies.	\$ 512,000	\$ 393,000	\$ 944,000	\$ 726,000
Share of net income of affiliated company.....	51,000	—	51,000	—
Share of net income of Maclean- Hunter Holdings Limited	138,000	—	138,000	—
Consolidated net income.....	<u>\$ 701,000</u>	<u>\$ 393,000</u>	<u>\$1,133,000</u>	<u>\$ 726,000</u>
Dividends declared (Note)	<u>\$ 121,000</u>	<u>\$ 135,000</u>	<u>\$ 256,000</u>	<u>\$ 270,000</u>
Per share data:				
Consolidated net income (Note)	50.3¢	26.2¢	78.3¢	48.4¢
Dividends declared.....	9.0¢	9.0¢	18.0¢	18.0¢

Note: Dividends declared for the second quarter and per share data reflect the company's indirect investment in its own shares. Consolidated net income per share is based on the weighted average number of shares outstanding for the quarter of 1,394,520 and for the six month period of 1,447,260, compared to 1,500,000 for the corresponding periods in 1975.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION (not audited)

Source of working capital

	Six months ended June 30	
	1976	1975
Operations:		
Consolidated net income before affiliated and effectively controlled companies	\$ 944,000	\$ 726,000
Depreciation	215,000	202,000
Total funds from operations.....	<u>\$ 1,159,000</u>	<u>\$ 928,000</u>
Reduction in advances to affiliates	465,000	—
	<u>\$ 1,624,000</u>	<u>\$ 928,000</u>

Applications of working capital

Investment in Maclean-Hunter Holdings Limited.....	\$11,046,000	\$ —
Financed by: bank loan.....	8,500,000	—
net outlay of working capital.....	<u>\$ 2,546,000</u>	<u>\$ —</u>
Additions to property (net).....	271,000	443,000
Dividends	256,000	270,000
Sundry.....	15,000	—
Increase (decrease) in working capital	<u>\$ 3,088,000</u>	<u>\$ 713,000</u>
	<u>(1,464,000)</u>	<u>215,000</u>
	<u>\$ 1,624,000</u>	<u>\$ 928,000</u>

Dear Shareholder:

We are pleased to present the unaudited results for the second quarter and the six months ended June 30, 1976.

Consolidated revenue for the quarter was \$3,323,000, compared with \$2,586,000 last year. For the six-month period ended June 30, 1976, consolidated revenue was \$6,166,000 compared with \$4,956,000 last year.

On May 4, your company purchased a 40.91% interest in Maclean-Hunter Holdings Limited. This purchase, reported in detail at a special shareholders' meeting, gives your company an indirect interest in its own common shares. This investment improves the earnings and reduces the number of effective common shares, thus increasing the earnings per common share. This change is reflected for the first time in the figures for the current quarter.

For the three months ended June 30, 1976, consolidated net income was \$701,000 (50.3¢ per share) compared with \$393,000 (26.2¢ per share) last year.

For the six months ended June 30, 1976, consolidated net income was \$1,133,000 (78.3¢ per share) compared with \$726,000 (48.4¢ per share) last year.

CFCN Radio and Television continue to support the Anti-Inflation Board in principle, but uncertainty surrounds the phase two regulations. Until the draft regulations are finalized, we cannot accurately predict what effect the new regulations will have on our earnings. However, we do not believe the earnings reported herein will be materially adjusted.

CFCN Radio has received approval from the Canadian Radio-television and Telecommunications Commission for an FM licence to serve Calgary. The call letters for our new FM station will be CJAY-FM.

CFCN Television service to Medicine Hat, Alberta is operating. Improvements to that service can be expected upon completion of the Microwave Delivery System early in 1977.

CBC Television service will commence in Lethbridge, Alberta this autumn. We anticipate the fragmentation of the audience in Lethbridge will follow the pattern established in Calgary where CFCN retained most of the television audience.

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CKCL-FM finished 1976 29% ahead of 1975 sales. There was a significant growth in audience in 1976, both in the metropolitan and full coverage area. First quarter national and local sales bookings are well ahead of last year.

At CFEO Chatham, revenues for the year were 8.9% above 1975. Both retail and national sales were ahead of budget for the quarter.

The outlook for 1977 is optimistic with 40% of the 1977 revenue target booked at this date.

Your Board of Directors has declared a dividend of 9.72¢ per share plus an extra dividend of 8.64¢ per share, payable January 28, 1977 to shareholders of record January 7, 1977. The extra 8.64¢ is in accordance with the treatment given dividends in the previous year and is within the Anti-Inflation Board's guidelines.

Sincerely,



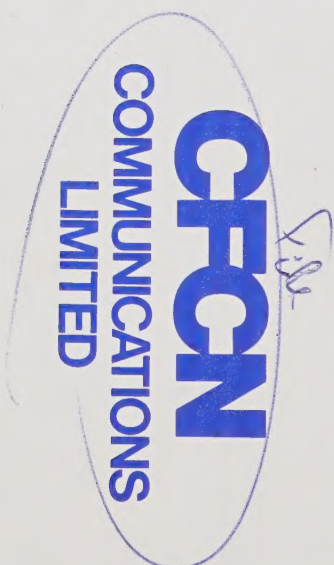
Chairman
Donald G. Campbell



President
Edward W. Chapman

January 25, 1977.

CFCN Communications Limited,
Broadcast House
Post Office Box 7060
Postal Station "E"
Calgary, Alberta
T3C 3L9



Preliminary report for
the 12 months ended
December 31, 1976

CFCN COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENT OF INCOME (not audited)

	Three months ended December 31		Twelve months ended December 31	
	1976	1975	1976	1975
Revenue:				
Broadcasting — Television.....	\$2,457,000	\$1,931,000	\$7,602,000	\$5,846,000
— Radio.....	1,329,000	1,130,000	4,702,000	3,975,000
Production and other (Note 1).....	309,000	275,000	1,063,000	934,000
Total Revenue.....	<u>\$4,095,000</u>	<u>\$3,336,000</u>	<u>\$13,367,000</u>	<u>\$10,755,000</u>
Net income from operations (Note 1).....	<u>\$1,474,000</u>	<u>\$1,242,000</u>	<u>\$4,110,000</u>	<u>\$3,076,000</u>
Interest income (expense).....	(257,000)	40,000	(585,000)	175,000
Income before income taxes.....	<u>1,217,000</u>	<u>1,282,000</u>	<u>3,525,000</u>	<u>3,251,000</u>
Income taxes.....	<u>570,000</u>	<u>632,000</u>	<u>1,665,000</u>	<u>1,605,000</u>
	<u>647,000</u>	<u>650,000</u>	<u>1,860,000</u>	<u>1,646,000</u>
Equity in undistributed earnings of:				
Affiliated company.....	32,000	64,000	90,000	64,000
Maclean-Hunter Holdings Limited				
— equity.....	<u>277,000</u>	<u>—</u>	<u>499,000</u>	<u>—</u>
— income debenture interest (Note 1)	<u>84,000</u>	<u>—</u>	<u>222,000</u>	<u>—</u>
Consolidated net income.....	<u>\$1,040,000</u>	<u>\$ 714,000</u>	<u>\$2,671,000</u>	<u>\$1,710,000</u>
Dividends declared (Note 2).....	<u>\$ 247,000</u>	<u>\$ 255,000</u>	<u>\$ 633,000</u>	<u>\$ 660,000</u>
Per share data:				
Consolidated net income (Note 2)	77.4¢	47.6¢	\$1.91	\$1.14
Dividends declared.....	18.36¢	17.0¢	46.08¢	44.0¢

Note 1: To provide a more meaningful comparison of the operating results certain changes have been made in the presentation of the quarterly and annual results. Interest earned on the income debenture of Maclean-Hunter Holdings Limited (\$84,000 for the quarter and \$222,000 for the year) has been shown separately. This income had previously been reported under "Revenue-Production and Other" and "Net income from operations" (\$138,000 from May 4th to September 30, 1976).

Other interest income and expense has also been shown separately.

Note 2: Dividends declared and per share data reflect the elimination of the Company's indirect investment in its own shares. Consolidated net income per share is based on the weighted average number of shares outstanding for the quarter of approximately 1,344,000 and for the year of approximately 1,395,000 compared to 1,500,000 for the corresponding periods in 1975.

Dear Shareholder:

We are pleased to submit the preliminary unaudited results for your company for 1976.

Consolidated revenue for the twelve months ended December 31, 1976 increased 24.3% to \$13,367,000, compared with \$10,755,000 for the corresponding period last year. For the fourth quarter, consolidated revenue was \$4,095,000, compared with \$3,336,000 in 1975, an increase of 22.8%.

For the twelve months, consolidated net income increased by 56.2% to \$2,671,000 from \$1,710,000 last year. Earnings per share were \$1.91 for the year compared with \$1.14 for 1975, an increase of 67.5%.

Consolidated net income for the quarter was up 45.6% to \$1,040,000, compared with \$714,000 for the corresponding period in 1975. Earnings per share for the quarter of 77.4¢ was up 62.6% from 47.6¢ last year.

With the information available to us, we do not anticipate excess profits as defined by AIB regulations. Considerable improvement arose from our investment in Maclean-Hunter Holdings Limited.

Calgary radio has now moved into its new facilities. Construction is on schedule for the newly-licensed CJAY-FM, and we still anticipate going on air June 1, 1977. CJAY-FM has applied for a rebroadcaster in Banff, Alberta.

The CFCN-TV rebroadcaster in Medicine Hat and our operation in Lethbridge, Alberta have both experienced much better results than expected. The new Alberta Government Telephones microwave system, which we have contracted for, will be in operation February 1, 1977. This will substantially improve both our Lethbridge and Medicine Hat signals.

CFCN-TV is preparing an application to the Canadian Radio-television and Telecommunications Commission (CRTC) to provide alternate off-air service to the East Kootenay area of British Columbia. The CRTC heard CFCN-TV's application for license renewal on January 25. A decision is expected shortly.

Bookings on both Calgary radio and television into 1977 indicate a strong growth pattern will be maintained.

CHYM finished 1976 7.7% ahead of 1975 sales. Construction of the new 570 frequency is well underway, and we expect to be on the air late in the fall of 1977. National sales bookings for the first quarter of 1977 are well ahead of last year. Audience continues to grow in the central area.